

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6908

BILL NUMBER: HB 1373

NOTE PREPARED: Jan 2, 2012

BILL AMENDED:

SUBJECT: Fraudulent Financing Statements.

FIRST AUTHOR: Rep. Steuerwald

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that certain individuals may file a motion for judicial review of a financing statement to determine if the document is fraudulent. It allows a court to order certain actions if a financing statement is fraudulent.

The bill makes it a Class A misdemeanor for a person to knowingly or intentionally file a fraudulent financing statement to perfect a security interest. It also makes it a Class D felony for a person to file a financing statement for the purposes of hindering, harassing, or wrongfully interfering with another person.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Secretary of State (SOS):* This bill requires the SOS to create and post on their website a form to assist an individual in filing a motion for judicial review of a financing statement. The SOS's existing level of resources is sufficient to implement this provision.

Penalty Provision: A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances.

Assuming offenders can be housed in existing facilities with no additional staff, the marginal cost for medical care, food, and clothing is approximately \$3,318 annually, or \$9.09 daily, per prisoner. However, any additional expenditures are likely to be small. The average length of stay in Department of Correction (DOC) facilities for all Class D felony offenders is approximately ten months.

Explanation of State Revenues: *Penalty Provision:* If additional court cases occur and fines are collected,

revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class D felony is \$10,000 and the maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenues would likely be small..

Explanation of Local Expenditures: *Penalty Provision:* If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. However, any additional expenditures would likely be small.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, the amounts would likely be small.

State Agencies Affected: Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

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